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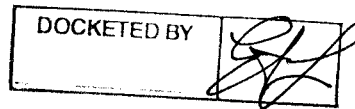
FROM: Steven M. Olea
Director
Utilities Division

Arizona Corporation Commission

DOCKETED 2014 DEC 10 PM 3 08

DEC 10 2014

DATE: December 10, 2014



ORIGINAL

RE: DOUBLE DIAMOND UTILITIES, INC.
DOCKET NOS. W820543A-07-0435
REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES

In Decision No. 70352, dated May 16, 2008, the Arizona Corporation Commission ("ACC" or "Commission") approved the applications of Double Diamond Utilities, Inc. ("Double Diamond" or "Company") for Certificates of Convenience and Necessity ("CC&N").

As part of Decision No. 70352, the Commission ordered that Double Diamond:

- i) file... "copies of the water division's Approval to Construct for Phase 1 of the initial phase of the Ranch at White Hills project when received by the Company, but not later than two years after the effective date of this Decision.
- ii) file... "copies of the wastewater division's General Permits for Phase 1 of the initial phase of wastewater plant for the Ranch at White Hills when received by the Company, but not later than two years after the effective date of this Decision."
- iii) file... "a copy of the Aquifer Protection Permit for the wastewater division within two years of the effective date of this Decision."
- iv) file... "a performance bond or irrevocable sight draft letter of credit in the amount of \$500,000 by December 31, 2008."
- v) "retain a Certified Operator and file notification of the entity's name and qualifications, as a compliance item at least six months before it serves its first customer or by June 30, 2009, whichever comes first."

Based on the May 16, 2008 date of Decision No. 70352 and the compliance timeframes granted by the Commission, the original compliance dates for items (i) – (iii) seen above were May 16, 2010. The original due date on item (iv) was December 31, 2008 and the due date for item (v) was ordered as "six months before it serves its first customer or by June 30, 2009, whichever comes first".

The Company has ultimately received various extensions of time from the original dates. Decision No. 74042, dated August 16, 2013, ultimately extended the due dates on items (i) – (iii) to the current deadline of December 31, 2014. Decision No. 73134, dated May 1, 2012, separately extended the due dates on item (iv) until 30 days prior to serving its first customer or until December 31, 2014,

whichever comes first and item (v) until six months prior to serving its first customer or December 31, 2014, whichever comes first.

On August 13, 2014, Double Diamond docketed a motion for further extension of the current deadlines. In its application, the Company states that Double Diamond is a "developer-owned utility" that will serve the White Hills community. Mr. Leonard Mardian is both the President of Double Diamond and the manager of Arizona Acreage, L.L.C., the owner of the development parcel. The Company provides that it has expended "approximately \$3,293,774 in drilling wells", spent "substantial time and money" developing centrally-planned water and wastewater systems, "obtained Analyses of Adequate Water Supply" from Arizona Department of Water Resources ("ADWR"), and "obtained and maintained" various franchise agreements.

The application states that all of the property master plan approvals for the White Hills development are "in place" and all of the development's property taxes are "up-to-date" while the organization and platting of the development continues. The Company comments that it has previously complied with requirements for the provision of rate tariff, a curtailment tariff, a backflow prevention tariff and a water conservation plan. Finally, Double Diamond states that the provision of the remaining compliance items will require extensive engineering design and that incurring such cost at this time is not prudent given the economic downturn and the development landscape surrounding the Ranch at White Hills.

Based on the application and all of the above, Staff does not object to Double Diamond's request for an extension of the Commission authorized due dates in this matter. However, Staff does not recommend that the Commission grant the five year extensions of time proposed by the Company. Rather, Staff recommends that the Commission authorize two year extensions of time until December 31, 2016 for each of the individual compliance items, with the new due date being inserted into the existing language for the performance bond/ISDLC and Certified Operator requirements, respectively. For clarity, the Company proposed extension requests and Staff's recommendations are shown in Attachment 1. Staff therefore recommends that the Commission due dates for the Approval To Construct, General Permits, Aquifer Protection Permit, Performance Bond/ISDLC and General Permits requirements be extended to the various December 31, 2016 based deadlines outlined in Attachment 1.

SMO:BKB:vsc

Originator: Brian K. Bozzo

SERVICE LIST FOR: DOUBLE DIAMOND UTILITIES, INC.
DOCKET NO. WS-20543A-07-0435

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COMPANY PROPOSED AND STAFF RECOMMENDED EXTENSION DATES

<u>Item</u>	<u>Compliance Requirement</u>	<u>Company Proposed Due Dates</u>
i)	Approval to Construct	December 31, 2019.
ii)	General Permits for Phase 1	December 31, 2019.
iii)	Aquifer Protection Permit	December 31, 2019.
iv)	Performance Bond or ISDLC	"30 days prior to serving its first customer or December 31, 2019, whichever comes first."
v)	Certified Operator	"six months prior to serving its first customer or December 31, 2019, whichever comes first."

<u>Item</u>	<u>Compliance Requirement</u>	<u>Staff Recommended Due Dates</u>
i)	Approval to Construct	December 31, 2016.
ii)	General Permits for Phase 1	December 31, 2016.
iii)	Aquifer Protection Permit	December 31, 2016.
iv)	Performance Bond or ISDLC	"30 days prior to serving its first customer or December 31, 2016, whichever comes first."
v)	Certified Operator	"six months prior to serving its first customer or December 31, 2016, whichever comes first."